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WASHINGTON TIMES
17 January 1986

INSIDE THE BELTWAY

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A CIA laundry?

In 1980 a story of spy novel quality surfaced involving the Nugen Hand bank of Australia. Evidence of moving funds around the world to finance heroin and arms traffic snowballed into speculation that the bank was a CIA money-laundering operation.

The story began to unfold when the body of Frank Nugen was found in a Mercedes on a lonely stretch of road 90 miles from Sydney. He was chairman of a group of companies affiliated with the bank. Shortly after his body was found, "telephones began ringing urgently all over the world," wrote Jonathon Kwitney in a 1982 Wall Street Journal feature on the affair. The tale involved top names in U.S. military and intelligence fields, not the least of whom was former CIA director William Colby.

These connections led to the allegations that the CIA used Nugen Hand to channel funds for rather shady projects in Australia and Asia. At long last, however, a report has been issued by an Australian royal commission that has been reviewing the evidence. The conclusion: The thesis that Nugen Hand served as a money-laundering front for the CIA is "implausible."